

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: RAISSA DE LA ROSA, ECONOMIC DEVELOPMENT MANAGER
PLANNING AND ECONOMIC DEVELOPMENT

SUBJECT: ORDINANCE ADDING ARTICLE V TO CHAPTER 6-56 OF THE
SANTA ROSA CITY CODE RELATING TO THE
ESTABLISHMENT OF COMMUNITY BENEFIT DISTRICTS

AGENDA ACTION: ORDINANCE INTRODUCTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council adopt an ordinance adding Article V to Chapter 6-56 of the Santa Rosa City Code, enabling the establishment of Community Benefit Districts.

EXECUTIVE SUMMARY

By amending Chapter 6-56 of the Santa Rosa City Code to add Article V enabling the establishment of Community Benefit Districts (CBD) in Santa Rosa, the City could move forward with creating a new form of property based assessment districts. Any parcel of real property, regardless of zoning, may be included in a CBD and subject to assessment so long as the parcel benefits from the services and improvements funded by the district. With this ordinance, City Council may initiate proceedings to form a CBD upon the submission of a written petition, signed by property owners in the proposed district who will pay more than thirty percent of the assessment proposed to be levied. The City of Santa Rosa, as a property owner within the proposed district boundaries, would be subject to this assessment.

The impetus for this Code change is a proposed Downtown Santa Rosa Community Benefit District (SRCBD) brought forward by a coalition of downtown property owners and business leaders. The proposed SRCBD serves to improve and enhance individual parcels through services funded by the assessments, such as sidewalk and streetscape improvements, marketing, special events and programs, and efforts that increase commerce and investment within the boundaries.

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While the initial Community Benefit District is proposed to be centered around Courthouse Square and inclusive of the properties roughly bound by Seventh Street, E Street, Sonoma Avenue, and Morgan Street, this enabling ordinance would allow for similar districts to be established in other commercial districts in Santa Rosa such as Railroad Square and Roseland.

This ordinance supports the City Council goal to foster a strong downtown and overall economic development of the community, and City Council priority 1.4 Downtown Housing.

BACKGROUND

In September 2016, the Coalition to Restore Courthouse Square and the Santa Rosa Chamber of Commerce submitted a memo to the City Manager's Office stating a strong interest in pursuing a business improvement district to manage, program and maintain Courthouse Square and its environs. In early 2017 the Coalition and Chamber morphed into the Downtown Action Organization (DAO), made up of and managed primarily by property owners and business leaders within the proposed district, to work with the City to establish this assessment district.

The City of Santa Rosa hired New City America, a company specializing in special benefit district formation and management, to work with the DAO to investigate the viability of a new assessment district, ultimately recommending a CBD as opposed to a traditional assessment district formed under the Property and Business District Law of 1994 (California Streets and Highways Code §§ 36600 *et seq.*, aka PBID Law). As long as the enabling ordinance is consistent with the State Constitution, particularly the provisions outlined in Article XIII (d) Proposition 218, the City may establish the new enabling ordinance per its charter authority.

The CBD concept is a more user-friendly assessment model that better accommodates downtown use and development trends such as what Santa Rosa is experiencing and planning for. The traditional PBID model does not adequately address or provide flexibility in land uses in the downtown such as housing, governmental and public space, and non-profits.

PRIOR CITY COUNCIL REVIEW

Not Applicable

ANALYSIS

As a Charter City, pursuant to Article XI, Section 5 of the California Constitution, Santa Rosa has the authority to enact an alternative assessment district model than the standard Property and Business District Law of 1994. This would be done by adding Community Benefit Districts as Article V to Chapter 6-56 of the Santa Rosa City Code,

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outlining the procedure for the establishment of assessment districts that is separate from, and alternative to, other procedures already established under state or municipal law.

Downtown Santa Rosa includes many different and potentially changing land uses that are not adequately considered under the PBID law, making a CBD the preferable assessment model moving forward. That is, tiered assessments and special considerations can be made under the CBD model for tax exempt, social service, residential and other non-commercial uses. Additionally, where PBID law excludes residentially zoned parcels, CBDs embrace them. It is anticipated that residential will be the largest growth land use in the next ten years in downtown, benefiting the most from an assessment district. Affordable housing is exempt from assessment.

In regards to terms and cost, comparing the PBID law with a CBD enabling ordinance, PBIDs have a maximum first year term of five years and any successor terms are set at a maximum of ten years, increasing administrative costs and time for renewal due to the new plan, new petition, and new balloting that must occur. The proposed CBD ordinance allows for the district to run in perpetuity, or a time based on the will of the benefiting property owners. City Council may, if so desired, adopt a resolution of intention to disestablish a CBD at any time. Like PBIDs, CBD formation costs include the preparation of a management plan and certification of an engineer's report, and costs associated with the preparation, circulation, and outreach for the petition and ballots.

In lieu of the PBID requirements, City Council may initiate proceedings to form a CBD upon the submission of a written petition, signed by property owners in the proposed district who will pay more than 30% of the assessments proposed to be levied. That is, under the proposed CBD ordinance, the petition threshold for establishing a new district is 30% of the weighted property owners to sign a petition of support to trigger the balloting.

FISCAL IMPACT

Approval of this ordinance does not have a direct fiscal impact on the General Fund, however over time the district is anticipated to have a positive impact on tax revenues.

ENVIRONMENTAL IMPACT

The adoption and implementation of this ordinance are exempt from the provisions of the California Environmental Quality Act under section 15061(b)3 in that there is no possibility that the implementation of this ordinance may have significant effects on the environment. Furthermore, this activity is not a project under CEQA as defined in CEQA Guidelines section 15378 (b)(4) because it adopts a method by which to create government funding mechanisms or constitutes other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially

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significant physical impact on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Community Benefit District concept, enabling ordinance, and proposed Downtown Santa Rosa Community Benefit District have been presented and discussed in the Downtown Subcommittee of the City Council, but have not been presented or reviewed by the full Council. No action was taken at the subcommittee meetings.

NOTIFICATION

Note Applicable.

ATTACHMENTS

- Ordinance

CONTACT

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